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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
EPCOR WATER ARIZONA, INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES FOR UTILITY
SERVICE BY ITS MOHAVE WATER DISTRICT,
PARADISE VALLEY WATER DISTRICT, SUN
CITY WATER DISTRICT, TUBAC WATER
DISTRICT, AND MOHAVE WASTEWATER
DISTRICT.

DOCKET NO. WS-01303A-14-0010

**STAFF'S NOTICE OF FILING
DIRECT TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Direct Testimony relating to cost of service by Staff witness Michael Thompson, and rate design by Staff witness Phan Tsan in the above-referenced matter.

RESPECTFULLY SUBMITTED this 2nd day of February, 2015.

Arizona Corporation Commission

DOCKETED

FEB 02 2015

DOCKETED BY

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February, 2015, with:

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AZ CORP COMMISSION
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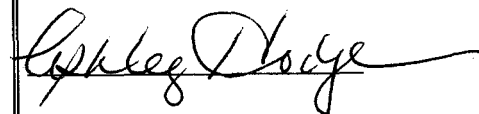
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27 
28

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO WS-01303A-14-0010
EPCOR WATER ARIZONA, INC., AN)	
ARIZONA CORPORATION, FOR A)	
DETERMINATION OF THE CURRENT FAIR)	
VALUE OF ITS UTILITY PLANT AND)	
PROPERTY AND FOR INCREASES IN ITS)	
RATES AND CHARGES FOR UTILITY)	
SERVICE BY ITS MOHAVE WATER DISTRICT,)	
PARADISE VALLEY WATER DISTRICT, SUN)	
CITY WATER DISTRICT, TUBAC WATER)	
DISTRICT, AND MOHAVE WASTEWATER)	
DISTRICT.)	
_____)	

DIRECT

TESTIMONY

OF

MICHAEL THOMPSON, P. E.

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

FEBRUARY 2, 2015

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EXECUTIVE SUMMARY
EPCOR WATER ARIZONA, INC.
DOCKET NO. WS-01303A-14-0010

Michael Thompson's testimony discusses Utilities Division Staff's ("Staff") review of EPCOR Water Arizona, Inc.'s ("EWAZ" or "Company") Cost of Service Study ("COSS") for the rate case filed with the Arizona Corporation Commission ("Commission"), and presents the results of Staff's analysis.

Based on its review of EWAZ's COSS, Staff's conclusions and recommendations are as follows:

1. It is Staff's conclusion that EWAZ performed the COSS consistent with the methodology generally accepted in the industry, and developed all of the allocation factors appropriately.
2. Staff further concludes that, based on the evaluation of the COSS model utilized by EWAZ, the results of the COSS are satisfactory.
3. Staff recommends that EWAZ's COSS cost allocation factors, and cost allocations modified by Staff as included under G Schedules, be accepted as reasonable in the pending case. The revised Schedules G-1 and G-2 are attached in Exhibit 1.

I. INTRODUCTION

Q. Please state your name, place of employment and job title.

A. My name is Michael Thompson. My place of employment is the Arizona Corporation Commission ("Commission"), Utilities Division, 1200 West Washington Street, Phoenix, Arizona 85007. My job title is Water/Wastewater Engineer.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since June 2013.

Q. Please list your duties and responsibilities.

A. As a Utilities Engineer, specializing in water and wastewater engineering, I inspect and evaluate water and wastewater systems, obtain data, prepare reports, suggest corrective action, provide technical recommendations on water and wastewater system deficiencies, and provide written and oral testimony on rate and other cases before the Commission.

Q. How many cases have you analyzed for the Utilities Division?

A. To date I have analyzed 14 cases covering various responsibilities for the Utilities Division.

Q. What is your educational background?

A. I graduated from the SUNY College of Environmental Science and Forestry ("ESF") at Syracuse, New York, and Syracuse University ("SU") at Syracuse, New York. I have a Bachelor of Science Degree in Pulp and Paper Engineering from ESF and Chemical Engineering from SU. I am registered as a Professional Engineer (Civil) in the State of Arizona, and a Grade 2 Certified Water Treatment Plant Operator, and a Grade 3 Certified Water Distribution System Operator.

1 **Q. Briefly describe your pertinent work experience.**

2 A. Prior to my employment with the Commission, I was the Operations Engineer, from 2009 to
3 2012, for the Southwest and Central Districts of Golden State Water Company ("GSWC"),
4 located in Gardena and Santa Fe Springs, California, respectively. As the Operations
5 Engineer, I provided technical assistance and support to the districts' operations departments
6 with primary focus on resolving operational problems and optimizing the efficiency of the
7 water system operations. Prior to my employment with GSWC, I was employed with
8 Chaparral City Water Company ("Chaparral"), from 2002 to 2009 as District Operations
9 Engineer. While at Chaparral, I performed all capital, new business, and water quality
10 activities within the district. I served as field engineer/construction manager for all capital
11 and new business projects under construction. I also managed all water quality activities
12 including monitoring, sampling, and reporting as required by 40 CFR (National Primary
13 Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

14
15 From 2000 to 2002, I was employed with the Fountain Hills Sanitary District as Engineering
16 Assistant. I performed plan review of all commercial and residential projects in the Town of
17 Fountain Hills, and managed the district's construction projects.

18
19 From 1996 to 2000, I was employed as an Environmental Engineering Specialist with the
20 Arizona Department of Environmental Quality ("ADEQ"). During that time period, I
21 performed operations and maintenance site inspections of public water systems in Gila,
22 LaPaz, Mohave, and Southwestern Yavapai Counties.

23
24 Prior to working for ADEQ, I began my career in the pulp and paper industry as a process
25 engineer in 1979. During my 16 year career in the pulp and paper industry, I worked for 3

1 different paper companies (Temple-Eastex, Bowater, Inc., and Champion International),
2 where I advanced from a process engineer to Technical Manager.

3
4 **Q. Did Staff perform an analysis of the application that is the subject of this proceeding?**

5 A. Yes, Staff reviewed the Company's Cost of Service Study ("COSS").

6
7 **Q. What is the purpose of this Direct Testimony?**

8 A. The purpose is to discuss Staff's review of EWAZ's COSS for the rate case, and present the
9 results of this review for the Mohave Water District, Paradise Valley Water District, Sun City
10 Water District, Tubac Water District, and the Mohave Wastewater District.

11
12 **II. COST OF SERVICE STUDY – REVIEW PROCESS**

13 **Q. What does the COSS signify?**

14 A. There are three steps in performing the COSS. They are: 1) Functionalization; 2)
15 Classification; and 3) Allocation. First, the COSS enables us to determine the system cost of
16 service by classifying the utility's costs (investments and expenses) by function, such as
17 commodity-related, demand-related, customer-related, and Direct Fire-related functions.
18 Customer-related functions are further broken down into customers and customer services.
19 Second, the study breaks down these costs by customer classes to reflect as closely as possible
20 the cost causation by respective customer classes. Third, the results of the COSS provide a
21 benchmark for the revenues needed from each customer category by allocating the revenue
22 requirement for each customer class.

23

1 **Q. Is there a standard COSS Model?**

2 A. There is no standard methodology for designing a COSS, but it is generally advisable to
3 follow a range of alternatives to identify which allocations are more reasonable than others.
4 For that reason, the COSS should be used as a general guide only and as one of many
5 considerations in designing rates.
6

7 **Q. Did Staff conduct a separate independent COSS?**

8 A. No, Staff did not conduct a separate independent COSS.
9

10 **Q. What was the process Staff used in reviewing the Company's COSS?**

11 A. Staff reviewed the Company's overall COSS methodology, which is the Commodity-Demand
12 methodology as outlined in the American Water Works Association Manual M1, "Principles
13 of Water Rates, Fees, and Charges". The Commodity-Demand Method breaks down the
14 costs of providing water service into four primary cost components: commodity costs (costs
15 that tend to vary with the amount of water used by the customers), demand costs (costs
16 associated with peak use/demand), customers costs (costs not associated with water use, such
17 as billing), and direct fire protection costs. Staff then reviewed the Cost of Service Schedules
18 ("G Schedules") reflecting various allocation factors (for Commodity, Demand, Customer,
19 and Direct Private Fire) in the COSS. Next, Staff reviewed the test year ("FYE June 30,
20 2013") and incorporated its rate base, revenues, and expense adjustments in its filing of
21 January 23, 2015. Staff adjustments to rate base, revenues, and expenses are incorporated in
22 the appropriate G Schedules in this filing. The modified G Schedules G-1 and G-2 are
23 attached under Exhibit 1 for each District. The G-1 Schedules represent present rates using
24 Staff's adjusted test year amounts, and the G-2 Schedules include the impacts of Staff's
25 recommended revenue increase.
26

1 **III. CONCLUSIONS AND RECOMMENDATIONS**

2 **Q. Based upon your testimony, what are Staff's conclusions and recommendations**
3 **regarding the Cost of Service Study?**

4 A. Based on the review of EWAZ's COSS, Staff's conclusions and recommendations are as
5 follows:

6
7 1. It is Staff's conclusion that EWAZ performed the COSS consistent with the
8 methodology generally accepted in the industry, and developed the allocation factors
9 appropriately, in accordance with the Staff recommended and Commission approved
10 allocation factors in the Arizona Water Company's rate case (Docket No. WS-
11 01303A-14-0010).

12
13 2. Staff further concludes that, based on the evaluation of the COSS model utilized by
14 EWAZ, the results of the COSS are satisfactory.

15
16 3. Staff recommends that EWAZ's COSS allocations and factors as modified by Staff,
17 be accepted as reasonable in the pending case. The G-schedules G-1 and G-2 are
18 listed under the attached exhibit 1.

19
20 Staff's conclusions are limited to the specific facts of this case and do not create any
21 precedent regarding Cost of Service Studies generally. Staff may make different
22 recommendations in other cases.

23
24 **Q. Does this conclude your Direct Testimony?**

25 A. Yes, it does.

Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Line No.	Totals	Residential	Apartment	Commercial	Other Public Auth.
1 Water Revenues	\$ 6,250,422	\$ 4,294,925	\$ 491,092	\$ 1,231,245	\$ 233,159
2 Fire Service Revenues	\$ 35,756	33,151	603	1,821	180
3 Revenue Annualizations	(1,235)	(743)	(45)	(450)	3
4 Declining Usage	(114,235)	(79,100)	(8,987)	(22,531)	(4,265)
5 Misc. Revenues ¹	221,297	205,177	3,734	11,273	1,114
6 Reconciliation H-1 to C-1 ¹	(2,229)	(2,067)	(38)	(114)	(11)
7 Total Revenues	\$ 6,389,776	\$ 4,451,342	\$ 486,360	\$ 1,221,245	\$ 230,179
8					
9 Operating Expenses ²	\$ 4,353,528	\$ 3,483,474	\$ 188,684	\$ 543,616	\$ 137,754
10 Depreciation and					
11 Amortization ²	1,270,161	940,097	76,008	200,885	53,170
12 Property Tax ³	164,282	114,445	12,504	31,398	5,918
13 Income Tax ⁴	7,752	(189,598)	64,406	130,427	2,277
14 Total Operating Expenses	\$ 5,795,723	\$ 4,348,417	\$ 341,604	\$ 906,327	\$ 199,119
15 Operating Income	\$ 594,052	\$ 102,925	\$ 144,757	\$ 314,918	\$ 31,060
16 Interest Expense ⁵	581,384	412,770	39,503	101,772	27,339
17 Net Income	\$ 12,668	\$ (309,845)	\$ 105,254	\$ 213,146	\$ 3,721
18 Rate Base ⁶	\$ 22,360,920	\$ 15,875,754	\$ 1,519,355	\$ 3,914,303	\$ 1,051,509
19 Return on Rate Base ⁷	2.66%	0.65%	9.53%	8.05%	2.95%
20					
21 Percent of Total Customers		92.72%	1.69%	5.09%	0.50%
22					
23					
24					
25					
26					
27					

¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
³ Property Taxes allocation based on Revenues.
⁴ Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Line No.		Totals	Residential	Apartment	Commercial	Other Public Auth.
1	Water Revenues	\$ 7,486,289	\$ 5,126,543	\$ 591,599	\$ 1,490,771	\$ 277,376
2	Fire Service Revenues	43,048	39,912	726	2,193	217
3	Revenue Annualizations					
4	Declining Usage					
5	Misc. Revenues ¹	221,297	205,177	3,734	11,273	1,114
6	Reconciliation H-1 to C-1 ¹	-	-	-	-	-
7	Total Revenues	\$ 7,750,634	\$ 5,371,632	\$ 596,059	\$ 1,504,237	\$ 278,706
8						
9	Operating Expenses ²	\$ 4,353,528	\$ 3,483,474	\$ 188,684	\$ 543,616	\$ 137,754
10	Depreciation and					
11	Amortization ²	1,270,161	940,097	76,008	200,885	53,170
12	Property Tax ³	175,862	121,882	13,525	34,131	6,324
13	Income Tax ⁴	519,910	156,922	105,652	236,794	20,542
14	Total Operating Expenses	\$ 6,319,461	\$ 4,702,375	\$ 383,869	\$ 1,015,427	\$ 217,790
15	Operating Income	\$ 1,431,173	\$ 669,257	\$ 212,190	\$ 488,810	\$ 60,916
16	Interest Expense ⁵	581,384	412,770	39,503	101,772	27,339
17	Net Income	\$ 849,789	\$ 256,487	\$ 172,687	\$ 387,038	\$ 33,577
18	Rate Base ⁶	\$ 22,360,920	\$ 15,875,754	\$ 1,519,355	\$ 3,914,303	\$ 1,051,509
19	Return on Rate Base ⁷	6.40%	4.22%	13.97%	12.49%	5.79%
20						
21	Percent of Total Customers		92.72%	1.69%	5.09%	0.50%

Indicated Monthly Minimums and Single-Tier Commodity Rates for 5/8 x 3/4 Inch Meter

	Sched. G-8, pg 4A All Classes	Sched. G-8, pg 4B Residential	Sched. G-8, pg 4C Apartment	Sched. G-8, pg 4D Commercial	Sched. G-8, pg 4E Other Public Auth.
Monthly Minimums	\$ 14.79	\$ 14.58	\$ 12.54	\$ 16.16	\$ 19.25
Single-Tier Commodity Rate	\$ 2.247	\$ 2.337	\$ 2.108	\$ 2.075	\$ 1.991

¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
³ Property Taxes allocation based on Revenues
⁴ Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Schedule G-1
Page 1
Witness: Thompson

Line No.		Totals	Residential	Turf	Commercial	Other Public Auth.
1	Water Revenues	\$ 9,613,561	\$ 7,360,312	\$ 442,429	\$ 1,789,884	\$ 20,936
2	Fire Service Revenues	9,349	8,672	12	644	21
3	Revenue Annualizations	(1,333)	(3,299)	-	1,966	-
4	Declining Usage	(36,002)	(27,561)	(1,656)	(6,707)	(78)
5	Misc. Revenues ¹	58,978	54,709	74	4,060	135
6	Reconciliation H-1 to C-1 ¹	3,698	3,430	5	255	8
7	Total Revenues	\$ 9,648,251	\$ 7,396,264	\$ 440,863	\$ 1,790,100	\$ 21,023
8						
9	Operating Expenses ²	\$ 4,533,680	\$ 3,453,169	\$ 313,470	\$ 759,271	\$ 7,769
10	Depreciation and					
11	Amortization ²	1,527,745	1,100,189	131,423	293,040	3,093
12	Property Tax ³	335,846	257,457	15,346	62,312	732
13	Income Tax ⁴	867,427	722,300	(41,467)	183,703	2,891
14	Total Operating Expenses	\$ 7,264,698	\$ 5,533,115	\$ 418,772	\$ 1,298,326	\$ 14,485
15	Operating Income	\$ 2,383,553	\$ 1,863,149	\$ 22,091	\$ 491,775	\$ 6,538
16	Interest Expense ⁵	965,874	682,659	89,862	191,540	1,813
17	Net Income	\$ 1,417,679	\$ 1,180,490	\$ (67,771)	\$ 300,235	\$ 4,725
18	Rate Base ⁶	\$ 37,148,992	\$ 26,256,112	\$ 3,456,236	\$ 7,366,920	\$ 69,725
19	Return on Rate Base ⁷	6.42%	7.10%	0.64%	6.68%	9.38%
20						
21	Percent of Total Customers		92.76%	0.13%	6.88%	0.23%
22						
23						
24						
25						
26						
27						

¹ Allocated based on customer counts.

² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.

³ Property Taxes allocation based on Revenues.

⁴ Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.

⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base

⁶ Rate Base computations are shown on Schedule G-3, Page 1

⁷ Operating Income Divided by Rate Base

Paradise Valley Water District

Test Year Ended June 30, 2013

Cost of Service Study, Using Commodity-Demand Method

Returns at Proposed Rates by Class

Schedule G-2
Page 1
Witness: Thornton

Line No.		Totals	Residential	Turf	Commercial	Other Public Auth.
1	Water Revenues	\$ 9,613,561	\$ 7,360,312	\$ 442,429	\$ 1,789,884	\$ 20,936
2	Fire Service Revenues	\$ 9,349	\$ 8,672	\$ 12	\$ 644	\$ 21
3	Revenue Annualizations	\$ (1,333)	\$ (3,299)	\$ -	\$ 1,966	\$ -
4	Declining Usage	\$ (36,002)	\$ (27,561)	\$ (1,656)	\$ (6,707)	\$ (78)
5	Misc. Revenues ¹	\$ 58,978	\$ 54,709	\$ 74	\$ 4,060	\$ 135
6	Reconciliation H-1 to C-1 ¹	\$ 3,698	\$ 3,430	\$ 5	\$ 255	\$ 8
7	Total Revenues (no increase or decrease)	\$ 9,648,251	\$ 7,396,264	\$ 440,863	\$ 1,790,100	\$ 21,023
8						
9	Operating Expenses ²	\$ 4,533,680	\$ 3,453,169	\$ 313,470	\$ 759,271	\$ 7,769
10	Depreciation and					
11	Amortization ²	1,527,745	1,100,189	131,423	293,040	3,093
12	Property Tax ³	335,723	257,362	15,340	62,289	732
13	Income Tax ⁴	863,744	719,230	(41,286)	182,922	2,879
14	Total Operating Expenses	\$ 7,260,892	\$ 5,529,950	\$ 418,947	\$ 1,297,522	\$ 14,473
15	Operating Income	\$ 2,387,359	\$ 1,866,314	\$ 21,916	\$ 492,579	\$ 6,551
16	Interest Expense ⁵	\$ 965,874	\$ 682,659	\$ 89,862	\$ 191,540	\$ 1,813
17	Net Income	\$ 1,421,485	\$ 1,183,655	\$ (67,946)	\$ 301,039	\$ 4,738
18	Rate Base ⁶	\$ 37,148,992	\$ 26,256,112	\$ 3,456,236	\$ 7,366,920	\$ 69,725
19	Return on Rate Base ⁷	6.43%	7.11%	0.63%	6.69%	9.39%
20						
21	Percent of Total Customers		92.76%	0.13%	6.88%	0.23%
22						

Indicated Monthly Minimums and Single-Tier Commodity Rates for 3/4 Inch Meter

	Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C	Sched. G-8, pg 4D	Sched. G-8, pg 4E
	All Classes	Residential	Turf	Commercial	Other Public Auth.
Monthly Minimums	\$ 29.16	\$ 27.52	\$ 205.81	\$ 28.82	\$ 13.00
Single-Tier Commodity Rate	\$ 1.794	\$ 1.869	\$ 1.538	\$ 1.645	\$ 2.369

¹ Allocated based on customer counts.

² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.

³ Property Taxes allocation based on Revenues

⁴ Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income

⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base

⁶ Rate Base computations are shown on Schedule G-3, Page 1

⁷ Operating Income Divided by Rate Base

Sun City Water District

Test Year Ended June 30, 2013

Cost of Service Study, Using Commodity-Demand Method

Returns at Present Rates by Class

Exhibit
Schedule G-1
Page 1
Witness: Thompson

Line No.		Totals	Residential	Commercial	Other
1	Water Revenues	\$ 10,276,050	\$ 8,273,583	\$ 1,867,458	\$ 135,008
2	Fire Service Revenues	21,074	20,219	851	4
3	Revenue Annualizations	(4,369)	7,070	(11,438)	-
4	Declining Usage	(121,071)	(97,927)	(21,906)	(1,593)
5	Misc. Revenues ¹	162,387	155,799	6,560	28
6	Revenue Difference Com to Res Trnsfers	(24,880)	(23,871)	(1,005)	(4)
7	Reconciliation H-1 to C-1 ¹	(13,528)	(12,979)	(546)	(2)
8	Total Revenues	\$ 10,295,663	\$ 8,321,894	\$ 1,839,974	\$ 133,440
9					
10	Operating Expenses ²	\$ 6,672,602	\$ 5,660,758	\$ 820,543	\$ 191,300
11	Depreciation and				
12	Amortization ²	1,679,019	1,414,315	210,979	53,725
13	Property Tax ³	435,418	351,945	77,815	5,643
14	Income Tax ⁴	328,005	135,318	249,495	(56,808)
15	Total Operating Expenses	\$ 9,115,044	\$ 7,562,335	\$ 1,358,833	\$ 193,861
16	Operating Income	\$ 1,180,619	\$ 759,559	\$ 481,140	\$ (60,420)
17	Interest Expense ⁵	676,078	551,552	97,622	26,904
18	Net Income	\$ 504,541	\$ 208,007	\$ 383,518	\$ (87,324)
19	Rate Base ⁶	\$ 24,790,108	\$ 20,224,051	\$ 3,579,570	\$ 986,488
20	Return on Rate Base ⁷	4.76%	3.76%	13.44%	-6.12%
21					
22	Percent of Total Customers		95.94%	4.04%	0.02%
23					
24					
25					
26					
27					
28					

¹ Allocated based on customer counts.

² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.

³ Property Taxes allocation based on Revenues.

⁴ Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.

⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base

⁶ Rate Base computations are shown on Schedule G-3, Page 1

⁷ Operating Income Divided by Rate Base

Line No.	Totals	Residential	Commercial	Other
1 Water Revenues	\$ 10,773,545	\$ 8,590,450	\$ 2,022,031	\$ 161,064
2 Fire Service Revenues	23,413	22,463	946	4
3 Revenue Annualizations				
4 Declining Usage				
5 Misc. Revenues ¹	162,387	155,799	6,560	28
6 Revenue Difference Com to Res Trnsfers	-	-	-	-
7 Reconciliation H-1 to C-1 ¹	-	-	-	-
8 Total Revenues	\$ 10,959,345	\$ 8,768,713	\$ 2,029,537	\$ 161,096
9				
10 Operating Expenses ²	\$ 6,672,602	\$ 5,660,758	\$ 820,543	\$ 191,300
11 Depreciation and				
12 Amortization ²	1,679,019	1,414,315	210,979	53,725
13 Property Tax ³	444,766	355,863	82,365	6,538
14 Income Tax ⁴	576,390	400,635	187,343	(11,587)
15 Total Operating Expenses	\$ 9,372,777	\$ 7,831,571	\$ 1,301,231	\$ 239,975
16 Operating Income	\$ 1,586,568	\$ 937,142	\$ 728,306	\$ (78,880)
17 Interest Expense ⁵	676,078	551,552	97,622	26,904
18 Net Income	\$ 910,490	\$ 385,590	\$ 630,684	\$ (105,783)
19 Rate Base ⁶	\$ 24,790,108	\$ 20,224,051	\$ 3,579,570	\$ 986,488
20 Return on Rate Base ⁷	6.40%	4.63%	20.35%	-8.00%
21				
22 Percent of Total Customers		95.94%	4.04%	0.02%
23				

Indicated Monthly Minimums and Single-Tier Commodity Rates for 5/8x3/4 Inch Meter

	Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C	Sched. G-8, pg 4D
	All Classes	Residential	Commercial	Other
Monthly Minimums	\$ 10.06	\$ 10.72	\$ 10.64	\$ 141.05
Single-Tier Commodity Rate	\$ 1.566	\$ 1.542	\$ 1.210	\$ 1.821

¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
³ Property Taxes allocation based on Revenues
⁴ Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Line No.		Totals	Residential	Commercial
1	Water Revenues	\$ 600,443	\$ 408,280	\$ 192,163
2	Fire Service Revenues			
3	Revenue Annualizations	(4,914)	(3)	(4,911)
4	Declining Usage	(20,841)	(14,288)	(6,553)
5	Misc. Revenues ¹	4,990	4,268	722
6	Reconciliation H-1 to C-1 ¹	(484)	(414)	(70)
7	Total Revenues	\$ 579,194	\$ 397,843	\$ 181,351
8				
9	Operating Expenses ²	\$ 428,919	\$ 346,034	\$ 82,885
10	Depreciation and			
11	Amortization ²	180,392	142,247	38,145
12	Property Tax ³	30,238	20,770	9,468
13	Income Tax ⁴	(35,463)	(51,827)	16,364
14	Total Operating Expenses	\$ 604,086	\$ 457,225	\$ 146,861
15	Operating Income	\$ (24,892)	\$ (59,381)	\$ 34,489
16	Interest Expense ⁵	33,066	25,320	7,746
17	Net Income	\$ (57,958)	\$ (84,701)	\$ 26,743
18	Rate Base ⁶	\$ 1,437,665	\$ 1,100,874	\$ 336,793
19	Return on Rate Base ⁷	-1.73%	-5.39%	10.24%
20				
21	Percent of Total Customers		85.53%	14.47%
22				
23				
24				
25				
26				
27				

¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
³ Property Taxes allocation based on Revenues.
⁴ Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

Line No.		Totals	Residential	Commercial
1	Water Revenues	\$ 761,248	\$ 520,058	\$ 241,190
2	Fire Service Revenues			
3	Revenue Annualizations			
4	Declining Usage			
5	Misc. Revenues ¹	4,990	4,268	722
6	Reconciliation H-1 to C-1 ¹			
7	Total Revenues	\$ 766,238	\$ 524,326	\$ 241,912
8				
9	Operating Expenses ²	\$ 428,919	\$ 346,034	\$ 82,885
10	Depreciation and			
11	Amortization ²	180,392	142,247	38,145
12	Property Tax ³	33,493	22,919	10,574
13	Income Tax ⁴	34,307	(4,629)	38,936
14	Total Operating Expenses	\$ 677,111	\$ 506,571	\$ 170,540
15	Operating Income	\$ 89,127	\$ 17,755	\$ 71,372
16	Interest Expense ⁵	33,066	25,320	7,746
17	Net Income	\$ 56,061	\$ (7,565)	\$ 63,625
18	Rate Base ⁶	\$ 1,437,665	\$ 1,100,874	\$ 336,793
19	Return on Rate Base ⁷	6.20%	1.61%	21.19%
20				
21	Percent of Total Customers		85.53%	14.47%
22				
23	Indicated Monthly Minimums and Single-Tier Commodity Rates for 5/8x3/4 Inch Meter			
24		Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C
25		All Classes	Residential	Commercial
26	Monthly Minimums	\$ 39.14	\$ 41.21	\$ 33.89
27	Single-Tier Commodity Rate	\$ 5.150	\$ 5.307	\$ 4.744
28				
29				
30	¹ Allocated based on customer counts.			
31	² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.			
32	³ Property Taxes allocation based on Revenues			
33	⁴ Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income			
34	⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base			
35	⁶ Rate Base computations are shown on Schedule G-3, Page 1			
36	⁷ Operating Income Divided by Rate Base			

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Schedule G-1
Page 1
Witness: Thompson

Line No.	Totals	Residential	Commercial	Other Public Auth.
1 Sewer Revenues	\$ 1,007,825	\$ 974,526	\$ 24,477	\$ 8,822
2 Effluent Revenues	44,578	43,547	637	394
3 Revenue Annualizations	-	-	-	-
4				
5 Misc. Revenues ¹	3,629	3,602	25	3
6 Reconciliation H-1 to C-1 ¹	(193)	(192)	(1)	(0)
7 Total Revenues	\$ 1,055,840	\$ 1,021,484	\$ 25,137	\$ 9,218
8				
9 Operating Expenses ²	\$ 645,764	\$ 638,442	\$ 4,327	\$ 2,996
10 Depreciation and				
11 Amortization ²	245,779	242,474	1,698	1,607
12 Property Tax ³	53,660	51,914	1,278	468
13 Income Tax ⁴	(3,737)	(11,447)	6,428	1,282
14 Total Operating Expenses	\$ 941,466	\$ 921,383	\$ 13,730	\$ 6,353
15 Operating Income	\$ 114,374	\$ 100,101	\$ 11,407	\$ 2,866
16 Interest Expense ⁵	120,520	118,928	835	757
17 Net Income	\$ (6,146)	\$ (18,827)	\$ 10,573	\$ 2,108
18 Rate Base ⁶	\$ 4,635,456	\$ 4,574,225	\$ 32,102	\$ 29,129
19 Return on Rate Base ⁷	2.47%	2.19%	35.53%	9.84%
20				
21 Percent of Total Customers		99.24%	0.69%	0.07%
22				
23				
24				
25				
26				
27				

- ¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
³ Property Taxes allocation based on Revenues.
⁴ Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Exhibit
Schedule G-2
Page 1
Witness: Thompson

Line No.		Totals	Residential	Commercial	Other Public Auth.
1	Sewer Revenues	\$ 1,306,419	\$ 1,263,179	\$ 31,805	\$ 11,435
2	Effluent Revenues	44,578	44,240	308	31
3	Revenue Annualizations	-	-	-	-
4					
5	Misc. Revenues ¹	3,629	3,602	25	3
6	Reconciliation H-1 to C-1 ¹				
7	Total Revenues	\$ 1,354,627	\$ 1,311,021	\$ 32,138	\$ 11,468
8					
9	Operating Expenses ²	\$ 645,764	\$ 638,442	\$ 4,327	\$ 2,996
10	Depreciation and				
11	Amortization ²	245,779	242,474	1,698	1,607
12	Property Tax ³	58,681	56,792	1,392	497
13	Income Tax ⁴	107,776	96,577	9,069	2,130
14	Total Operating Expenses	\$ 1,058,000	\$ 1,034,285	\$ 16,485	\$ 7,230
15	Operating Income	\$ 296,627	\$ 276,736	\$ 15,653	\$ 4,239
16	Interest Expense ⁵	120,520	118,928	835	757
17	Net Income	\$ 176,107	\$ 157,808	\$ 14,818	\$ 3,481
18	Rate Base ⁶	\$ 4,635,456	\$ 4,574,225	\$ 32,102	\$ 29,129
19	Return on Rate Base ⁷	6.40%	6.05%	48.76%	14.55%
20					
21	Percent of Total Customers		99.24%	0.69%	0.07%
22					
23					
24					
25					
26					
27					
28					
29					

¹ Allocated based on customer counts.
² Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
³ Property Taxes allocation based on Revenues
⁴ Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
⁵ Interest Synchronized Interest Expense. Allocation based on Rate Base
⁶ Rate Base computations are shown on Schedule G-3, Page 1
⁷ Operating Income Divided by Rate Base

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB BURNS

Commissioner

BOB STUMP

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
EPCOR WATER ARIZONA INC. FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR AN INCREASES IN)
ITS RATES AND CHARGES FOR UTILITY)
SERVICE BY ITS MOHAVE WATER DISTRICT,)
PARADISE VALLEY WATER DISTRICT, SUN)
CITY WATER DISTRICT, TUBAC WATER)
DISTRICT AND MOHAVE WASTEWATER)
DISTRICT)
_____)

DOCKET NO. WS-01303A-14-0010

(RATE DESIGN)

DIRECT TESTIMONY OF

PHAN TSAN

PUBLIC UTILITIES ANALYST I

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

FEBRUARY 2, 2015

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Wastewater Districts

Mohave Wastewater District

Rate Design.....	PNT-1
Typical Residential Bill Analysis	PNT-2

**EXECUTIVE SUMMARY
EPCOR WATER ARIZONA INC.
DOCKET NO. W-01303A-14-0010**

EPCOR Water Arizona Inc. ("EPCOR" or "Company") is an Arizona for-profit Class A public service corporation that provides water and wastewater utility service in various communities throughout the State. On March 10, 2014, the Company filed an application for a permanent rate increase for its Mohave Water District, Paradise Valley Water District, Sun City Water District, Tubac Water District, and Mohave Wastewater District. On October 14, 2014, the Company filed revised schedules for these districts. The Company utilized a test year ending June 30, 2013.

The testimony of Phan Tsan presents Staff's recommendation for rate design for the four water and one wastewater districts. The impacts of the Company-proposed and Staff-recommended rate designs on the typical residential customer for each of the five districts are presented below.

Water Districts

Mohave Water District:

The Company's proposed rates would increase the typical 5/8-inch meter residential bill with median usage of 4,017 gallons from \$15.51 to \$22.73 for an increase of \$7.22 or 46.56 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill with a median usage of 4,017 gallons from \$15.51 to \$18.60, for an increase of \$3.09 or 19.90 percent.

Paradise Valley Water District:

The Company's proposed rates would increase the typical 5/8-inch meter residential bill with median usage of 9,244 gallons from \$35.70 to \$38.74, for an increase of \$3.03 or 8.49 percent. Staff is recommending no change to current rates.

Sun City Water District:

The Company's proposed rates would increase the typical 5/8-inch meter residential bill with median usage of 5,423 gallons from \$14.93 to \$18.21, for an increase of \$3.28 or 21.99 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill with a median usage of 5,423 gallons from \$14.93 to \$16.08, for an increase of \$1.15 or 7.68 percent.

Tubac Water District:

The Company's proposed rates would increase the typical 5/8-inch meter residential bill with median usage of 4,530 gallons from \$34.99 to \$74.68, for an increase of \$39.69 or 113.43 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill with a median usage of 4,530 gallons from \$34.99 to \$47.35, for an increase of \$12.36 or 35.34 percent.

Wastewater Districts

Mohave Wastewater District

The Company's proposed rates would increase the monthly bill (per equivalent residential unit) for a residential customer under the flat monthly fee rate by \$25.45, or 45.00 percent, from \$56.55 to \$82.00. Staff's recommended rates would increase the monthly bill for a residential customer under the flat monthly fee rate by \$16.75, or 29.62 percent, from \$56.55 to \$73.30.

Staff recommends approval of its recommended rates and charges for all districts as shown on the attached schedules.

1 **INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. My name is Phan Tsan. I am a Public Utilities Analyst I employed by the Arizona
4 Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business
5 address is 1200 West Washington Street, Phoenix, Arizona 85007.
6

7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst I.**

8 A. In my capacity as a Public Utilities Analyst I, I analyze and examine accounting, financial,
9 statistical and other information and prepare reports based on my analyses that present Staff's
10 recommendations to the Commission on utility revenue requirements, rate design and other
11 financial regulatory matters.
12

13 **Q. Please describe your educational background and professional experience.**

14 A. I graduated from Grand Canyon University with a Bachelor of Science in Finance and
15 Economics, and a Master of Science in Accounting. I began employment with the Arizona
16 Corporation Commission in October of 2013. I have participated in rate, financing and other
17 regulatory proceedings since joining the Commission. I attended the National Association of
18 Regulatory Utility Commissioners ("NARUC") Utilities Rate School.
19

20 **Q. What is the scope of your testimony in this case?**

21 A. I am presenting Staff's recommended rate designs for EPCOR Water Arizona, Inc.
22 ("EPCOR" or "Company") applications for permanent increases in its rates and charges in its
23 Mohave Water District, Paradise Valley Water District, Sun City Water District, Tubac Water
24 District and Mohave Wastewater District. Staff designed rates to generate Staff's
25 recommended revenue requirement for each water and wastewater district.
26

1 **BACKGROUND**

2 **Q. Please describe the Company and background of the current rate case.**

3 A. EPCOR is an Arizona for-profit Class A public service corporation that provides water and
4 wastewater utility service in various communities throughout the State. On March 10, 2014,
5 the Company filed an application for a permanent rate increase for its Mohave Water District,
6 Paradise Valley Water District, Sun City Water District, Tubac Water District, and Mohave
7 Wastewater District. On October 14, 2014, the Company filed revised schedules for these
8 districts. The Company utilized a test year ending June 30, 2013.

9
10 **RATE DESIGN**

11 **Q. Did Staff prepare schedules showing the present, Company-proposed, and Staff-**
12 **recommended rates and charges?**

13 A. Yes. Staff Schedules PNT-1 show the present monthly minimum charges and commodity
14 rates, the Company's proposed monthly minimum charges and commodity rates and Staff's
15 recommended monthly minimum charges and commodity rates. The schedules also show the
16 present, proposed and recommended service charges. Staff schedules PNT-2 show the bill
17 impact on 5/8 inch residential customers (water districts) and residential customers
18 (wastewater district).

19
20 **Q. What primary characteristic distinguishes Staff's recommended rate structures for the**
21 **five water and wastewater districts from the present and Company-proposed rate**
22 **structures?**

23 A. The present, Company-proposed and Staff-recommended rate structures for water districts all
24 use multi-tier inverted block commodity rates. Staff's recommended rate structures spread
25 the commodity rates among the blocks by a greater ratio to provide support for the state-
26 wide effort to improve water use efficiency.

Mohave Water District

Q. Please summarize the present rate design for the Mohave Water District.

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch, \$11.00; 3/4-inch, \$11.00; 1-inch, \$27.50; 1 1/2-inch, \$55.00; 2-inch, \$88.00; 3-inch, \$176.00; 4-inch, \$275.00; 6-inch, \$550.00; 8-inch, \$880.00; 10-inch, \$1,265.00; and 12-inch, \$2,365.00. No gallons are included in the monthly minimum charge. The commodity rate for the 5/8 x 3/4-inch and 3/4-inch residential customers is \$0.8800 per thousand gallons for zero to 3,000 gallons, \$1.8400 per thousand gallons for 3,001 to 10,000 gallons, and \$3.0000 per thousand gallons for any consumption over 10,000 gallons. The larger residential, apartment, industrial and commercial classes' commodity break-over points vary by meter size with a \$1.8400 per thousand gallons first-tier commodity rate and a \$3.0000 per thousand gallons commodity rate for any consumption over the first tier. The present rate design also has charges for Other Public Authorities ("OPA") and Private Fire.

Q. Please summarize the Company's proposed rate design for the Mohave Water District.

A. The Company's proposed monthly minimum charges by meter size are as follows: Residential 5/8 x 3/4-inch, \$15.54; 3/4-inch, \$15.54; 1-inch, \$38.86; 1 1/2-inch, \$77.72; 2-inch, \$124.34; 3-inch, \$248.69; 4-inch, \$388.58; 6-inch, \$777.15; 8-inch, \$1,243.44; 10-inch, \$1,787.45; and 12-inch, \$3,341.75. Zero gallons are included in the monthly minimum charge. The Company proposes a three-tier inverted-block commodity rate for the 5/8 x 3/4-inch and 3/4-inch residential customers with a \$1.5500 per thousand gallons first-tier (zero to 3,000 gallons) commodity rate, a \$2.5000 per thousand gallons second-tier (3,001 to 10,000 gallons) commodity rate and a \$3.2250 per thousand gallons third-tier commodity rate for any consumption over 10,000 gallons. The larger residential, apartment, industrial and commercial classes' commodity break-over points vary by meter size with a \$2.5000 per

1 thousand gallons first-tier commodity rate and a \$3.2250 per thousand gallons for any
2 consumption over the first tier. The company also proposed an increase in charges for OPA
3 and Private Fire.

4
5 **Q. Please summarize Staff's recommended rate design for the Mohave Water District.**

6 A. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-
7 inch, \$13.00; 3/4-inch, \$19.50; 1-inch, \$32.50; 1 1/2-inch, 65.00; 2-inch, \$104.00; 3-inch,
8 \$208.00; 4-inch, \$325.00; 6-inch, \$350.00; 8-inch, \$1,040.00; 10-inch, 1,495.00; and 12-inch,
9 \$2,795.00. Zero gallons are included in the monthly minimum charge. For the 5/8 x 3/4-
10 inch and 3/4-inch residential customers, Staff recommends a three-tier inverted block
11 commodity rate for the 5/8 x 3/4-inch and 3/4-inch residential customers with a \$1.1200 per
12 thousand gallons first-tier (zero to 3,000 gallons) commodity rate, a \$2.2000 per thousand
13 gallons second-tier (3,001 to 10,000 gallons) commodity rate and a \$3.6894 per thousand
14 gallons third-tier commodity rate for any consumption over 10,000 gallons. Staff
15 recommends a two-tier inverted-block rate for larger residential, all commercial, and industrial
16 classes with break-over points that vary by meter size with a \$2.2000 per thousand gallons
17 first-tier commodity rate and a \$3.6894 per thousand gallons commodity rate for any
18 consumption over the first tier. Staff also recommends rates for OPA and Private Fire. More
19 details of rate design are shown on Staff schedules PNT-1.

20
21 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in**
22 **Mohave?**

23 A. The Company's proposed rates would increase the typical 5/8-inch meter residential bill with
24 median usage of 4,017 gallons from \$15.51 to \$22.73 for an increase of \$7.22 or 46.56
25 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill

1 with a median usage of 4,017 gallons from \$15.51 to \$18.60, for an increase of \$3.09 or 19.90
2 percent.

3
4 *Paradise Valley Water District*

5 **Q. Please summarize the present rate design for the Paradise Valley Water District.**

6 A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch, \$25.15;
7 3/4-inch, \$26.16; 1-inch, \$50.30; 1 1/2-inch, \$90.54; 2-inch, \$140.84; 3-inch, \$276.65; 4-inch,
8 \$462.76; 6-inch, \$930.00; 8-inch, \$2,245.00; 10-inch, \$3,228.00; and 12-inch, \$6,034.00. No
9 gallons are included in the monthly minimum charge. The commodity rate for 2 inch and
10 smaller residential customers is \$1.0500 per thousand gallons for zero to 5,000 gallons,
11 \$1.2500 per thousand gallons for 5,001 to 15,000 gallons, \$2.2000 per thousand gallons for
12 15,001 to 40,000 gallons, \$2.7500 per thousand gallons for 40,001 to 80,000 gallons, and
13 \$3.2259 per thousand gallons for any consumption over 80,000 gallons. The commodity rate
14 for larger residential and all commercial classes is \$1.9500 per thousand gallons for first
15 400,000 gallons, and \$2.3000 per thousand gallons for any consumption over 400,000 gallons.
16 The present rate design also has charges for Turf and OPA.

17
18 **Q. Please summarize the Company's proposed rate design for the Paradise Valley Water**
19 **District.**

20 A. The Company's proposed monthly minimum charges by meter size are as follows:
21 Residential 5/8 x 3/4-inch, \$27.27; 3/4-inch, \$28.36; 1-inch, \$54.54; 1 1/2-inch, \$98.17; 2-
22 inch, \$152.71; 3-inch, \$299.97; 4-inch, \$501.77; 6-inch, \$1,008.40; 8-inch, \$2,434.25; 10-inch,
23 \$3,500.12; and 12-inch, \$6,542.67. Zero gallons are included in the monthly minimum
24 charge. The Company proposes a five-tier inverted-block commodity rate for 2 inch and
25 smaller residential customers with a \$1.1408 per thousand gallons first-tier (zero to 5,000
26 gallons) commodity rate, a \$1.3581 per thousand gallons second-tier (5,001 to 15,000 gallons)

1 commodity rate, a \$2.3903 per thousand gallons third-tier (15,001 to 40,000 gallons)
2 commodity rate, a \$2.9879 per thousand gallons fourth-tier (40,001 to 80,000 gallons)
3 commodity rate, and a \$3.5049 per thousand gallons fifth-tier commodity rate for any
4 consumption over 80,000 gallons. The commercial class' commodity rate is \$2.1187 per
5 thousand gallons for the first 400,000 gallons and \$2.4990 per thousand gallons for any
6 consumption over 400,000 gallons. The Company also proposed an increase in charge for
7 Turf and OPA.

8
9 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in**
10 **Paradise Valley?**

11 A. The Company's proposed rates would increase the typical 5/8-inch meter residential bill with
12 median usage of 9,244 gallons from \$35.70 to \$38.74, for an increase of \$3.03 or 8.49 percent.

13
14 **Q. Does Staff recommend any changes in rate design for the Paradise Valley Water**
15 **District?**

16 A. No. Even though Staff recommends a revenue decrease of \$9,824, the amount over all is so
17 small that any impact on rate design would be negligible. Therefore, Staff recommends no
18 change in Paradise Valley Water District's current rates.

19
20 *Sun City Water District*

21 **Q. Please summarize the present rate design for the Sun City Water District.**

22 A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch, \$8.76;
23 3/4-inch, \$8.76; 1-inch, \$21.89; 1 1/2-inch, \$43.78; 2-inch, \$70.05; 3-inch, \$140.10; 4-inch,
24 \$218.90; 6-inch, \$437.81; 8-inch, \$700.50. No gallons are included in the monthly minimum
25 charge. The commodity rate for all residential customers is \$0.7297 per thousand gallons for
26 the first 1,000 gallons, \$1.0702 per thousand gallons for 1,001 to 3,000 gallons, \$1.3621 per

1 thousand gallons for 3,001 to 9,000 gallons, \$1.6539 per thousand gallons for 9,001 to 12,000
2 gallons, and \$1.9896 per thousand gallons for any consumption over 12,000 gallons. The
3 commercial class' commodity break-over points vary by meter size with a \$1.3621 per
4 thousand gallons first-tier commodity rate and a \$1.9896 per thousand gallons commodity
5 rate for any consumption over the first tier.

6
7 The present rate design also has charges for Irrigation, Private Fire, and Public and Private
8 Hydrants.

9
10 **Q. Please summarize the Company's proposed rate design for the Sun City Water**
11 **District.**

12 A. The Company's proposed monthly minimum charges by meter size are as follows: 5/8 x
13 3/4-inch, \$10.70; 3/4-inch, \$10.70; 1-inch, \$26.76 1 1/2-inch, \$53.52; 2-inch, \$85.64; 3-inch,
14 \$171.28; 4-inch, \$267.62; 6-inch, \$535.24; 8-inch, \$856.38. No gallons are included in the
15 monthly minimum charge. The Company proposes a five-tier inverted-block commodity rate
16 for 1 inch and smaller residential customers with a \$0.7500 per thousand gallons first-tier
17 (zero to 1,000 gallons) commodity rate, a \$1.3702 per thousand gallons second-tier (1,001 to
18 3,000 gallons) commodity rate, a \$1.6602 per thousand gallons third-tier (3,001 to 9,000
19 gallons) commodity rate, a \$1.9002 per thousand gallons fourth-tier (9,001 to 12,000 gallons)
20 commodity rate, and a \$2.1202 per thousand gallons fifth-tier commodity rate for any
21 consumption over 12,000 gallons. The larger residential and all commercial classes'
22 commodity break-over points vary by meter size with a \$1.8302 per thousand gallons first-tier
23 commodity rate and a \$2.1202 per thousand gallons commodity rate for any consumption
24 over the first tier. The Company is also proposing an increase in its charge for Irrigation,
25 Private Fire, and Public and Private Hydrants.

1 **Q. Please summarize Staff's recommended rate design for the Sun City Water District?**

2 A. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-
3 inch, \$9.50; 3/4-inch, \$14.25; 1-inch, \$23.75; 1 1/2-inch, \$47.50; 2-inch, \$76.00; 3-inch,
4 \$152.00; 4-inch, \$237.50; 6-inch, \$475.00; 8-inch, \$760.00. Zero gallons are included in the
5 monthly minimum charge. Staff recommends a five-tier inverted-block commodity rate for 1
6 inch and smaller residential customers with a \$0.7500 per thousand gallons first-tier (zero to
7 1,000 gallons) commodity rate, a \$1.1700 per thousand gallons second-tier (1,001 to 3,000
8 gallons) commodity rate, a \$1.4390 per thousand gallons third-tier (3,001 to 9,000 gallons)
9 commodity rate, a \$1.8400 per thousand gallons fourth-tier (9,001 to 12,000 gallons)
10 commodity rate, and a \$2.1680 per thousand gallons fifth-tier commodity rate for any
11 consumption over 12,000 gallons. The larger residential and all commercial classes'
12 commodity break-over points vary by meter size with a \$1.4800 per thousand gallons first-tier
13 commodity rate and a \$2.1680 per thousand gallons commodity rate for any consumption
14 over the first tier. Staff also recommends rates for Irrigation, Private Fire, and Public and
15 Private Hydrants.

16
17 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in Sun**
18 **City?**

19 A. The Company's proposed rates would increase the typical 5/8-inch meter residential bill with
20 median usage of 5,423 gallons from \$14.93 to \$18.21, for an increase of \$3.28 or 21.99
21 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill
22 with a median usage of 5,423 gallons from \$14.93 to \$16.08, for an increase of \$1.15 or 7.68
23 percent.
24

Tubac Water District

Q. Please summarize the present rate design for the Tubac Water District.

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch, \$24.70; 3/4-inch, \$24.70; 1-inch, \$74.10; 1 1/2-inch, \$144.38; 2-inch, \$230.53; 3-inch, \$461.00; 4-inch, \$722.00; 6-inch, \$1,440.00; 8-inch, \$2,305.00; 10-inch, \$3,320.00; 12-inch, \$6,208.00. No gallons are included in the monthly minimum charge. The commodity rate for 5/8 x 3/4 inch and 3/4 inch is \$1.9000 per thousand gallons for zero to 3,000 gallons, \$3.0000 per thousand gallons for 3,001 to 10,000 gallons, \$4.0000 per thousand gallons for 10,001 to 20,000 gallons, and \$6.0000 per thousand gallons for any consumption over 20,000 gallons. The larger residential and commercial classes' commodity break-over points vary by meter size with a \$4.0000 per thousand gallons first-tier commodity rate and a \$6.0000 per thousand gallons commodity rate for any consumption over the first tier.

Q. Please summarize the Company's proposed rate design for the Tubac Water District.

A. The Company's proposed monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch, \$48.24; 3/4-inch, \$48.24; 1-inch, \$120.60; 1 1/2-inch, \$241.20; 2-inch, \$385.91; 3-inch, \$771.83; 4-inch, \$1,205.98; 6-inch, \$2,411.96; 8-inch, \$3,859.13; 10-inch, \$5,547.50; 12-inch, \$10,371.41. No gallons are included in the monthly minimum charge. The Company proposes a four-tier inverted-block commodity rate for 5/8 x 3/4 inch and 3/4 inch residential customers with a \$5.3300 per thousand gallons first-tier (zero to 3,000 gallons) commodity rate, a \$6.8300 per thousand gallons second-tier (3,001 to 10,000 gallons) commodity rate, a \$8.1800 per thousand gallons third-tier (10,001 to 20,000 gallons) commodity rate, and a \$9.3800 per thousand gallons fifth-tier commodity rate for any consumption over 20,000 gallons. The larger residential and commercial classes' commodity break-over points vary by meter size with a \$7.6800 per thousand gallons first-tier commodity

1 rate and a \$9.3800 per thousand gallons commodity rate for any consumption over the first
2 tier.

3
4 **Q. Please summarize Staff's recommended rate design for the Tubac Water District.**

5 A. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-
6 inch, \$30.00; 3/4-inch, \$45.00; 1-inch, \$75.00 1 1/2-inch, \$150.00; 2-inch, \$240.00; 3-inch,
7 \$480.00; 4-inch, \$750.00 6-inch, \$1,500.00; 8-inch, \$2,400.00; 10-inch, \$3,450.00; 12-inch,
8 \$6,450.00. No gallons are included in the monthly minimum charge. Staff recommends a
9 four-tier inverted-block commodity rate for 5/8 x 3/4 inch and 3/4 inch residential
10 customers with a \$3.2500 per thousand gallons first-tier (zero to 3,000 gallons) commodity
11 rate, a \$4.9700 per thousand gallons second-tier (3,001 to 10,000 gallons) commodity rate, a
12 \$7.0300 per thousand gallons third-tier (10,001 to 20,000 gallons) commodity rate, and a
13 \$9.5290 per thousand gallons fifth-tier commodity rate for any consumption over 20,000
14 gallons. The larger residential and commercial classes' commodity break-over points vary by
15 meter size with a \$7.0300 per thousand gallons first-tier commodity rate and a \$9.5290 per
16 thousand gallons commodity rate for any consumption over the first tier.

17
18 **Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in**
19 **Tubac?**

20 A. The Company's proposed rates would increase the typical 5/8-inch meter residential bill with
21 median usage of 4,530 gallons from \$34.99 to \$74.68, for an increase of \$39.69 or 113.43
22 percent. Staff's recommended rates would increase the typical 5/8-inch meter residential bill
23 with a median usage of 4,530 gallons from \$34.99 to \$47.35, for an increase of \$12.36 or
24 35.34 percent.

25

Mohave Wastewater District

Q. Please provide an overview of the present rate design for the Mohave Wastewater District.

A. The present rate design is based largely on flat monthly rates. Large Commercial customers pay a volumetric rate in addition to a flat monthly rate. Effluent rates are based on volumetric pricing.

Q. Please provide an overview of the Company's proposed rate design for the Mohave Wastewater District.

A. Mohave's proposed rate design is similar to present rate design which is based largely on flat monthly rates. The Company proposed a flat monthly service charge of \$82 (per equivalent residential unit ("ERU")) for all customers, except Large Commercial customers. Large Commercial customers would pay \$3.31 (per 1,000 gallons) in addition to a \$105.69 flat monthly rate. The Company proposed no change in Effluent charge.

Q. Would you please summarize Staff's recommended rate design for the Mohave Wastewater District?

A. Staff recommends a flat monthly service charge of \$72.30 (per ERU) for all customers, except Large Commercial customers. Large Commercial customers would pay \$2.9880 (per 1,000 gallons) in addition to a \$92.00 flat monthly rate. Staff recommends no change in Effluent charge.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer in Mohave?

A. The Company's proposed rates would increase the monthly bill (per ERU) for a residential customer under the flat monthly fee rate by \$25.45, or 45.00 percent, from \$56.55 to \$82.00.

1 Staff's recommended rates would increase the monthly bill for a residential customer under
2 the flat monthly fee rate by \$16.75, or 29.62 percent, from \$56.55 to \$73.30.

3
4 **LOW INCOME PROGRAM**

5 **Q. Does EPCOR currently have a Low Income Program?**

6 A. Yes, a Low Income Program was approved in the last rate application for Sun City Water
7 District (Decision No. 72229) and Mohave Water District (Decision No. 71410).

8
9 **Q. Is the Company proposing Low Income Programs for other Districts?**

10 A. Yes. EPCOR is proposing low income programs for its Paradise Valley Water District,
11 Tubac Water District and Mohave Wastewater District.

12
13 **Q. What did the Company propose for its Low Income Program?**

14 A. The proposed low income program is based upon the existing low income program for the
15 Sun City Water District and Mohave Water District. The Company proposed to continue the
16 use of a third party coordinator and proposed different participation limits for different
17 districts: Sun City-750, Paradise Valley-50, Mohave-475, and Tubac-40. The Company did
18 not propose any participation limit for Mohave Wastewater District's low income surcharge
19 calculation. The proposed discount rate is 40 percent of the monthly minimum usage charge.
20 The discount cost is recovered by adding a surcharge to the highest block usage.

21
22 **Q. What does Staff recommend?**

23 A. Staff recommends that:

- 24 • The Low Income Program approved in the last rate case remain in effect for Sun City
25 Water District and Mohave Water District.

- Approval of Low Income Programs for Paradise Valley Water District, Tubac Water District and Mohave Wastewater District. Eligibility requirements will be the same requirements for Sun City Water District and Mohave Water District existing low income program.
- The use of a third party coordinator.
- Approval of participation limits for low income surcharge calculation as Company proposed.
- The Company estimate a participation limit for Mohave Wastewater District's low income surcharge calculation in its Rebuttal Testimony.
- The discount rate is 40 percent of the monthly minimum usage charge for water districts and 20 percent of total charge for wastewater district.
- The discount cost be recovered by adding a surcharge to the highest block usage for water districts and to all non-low-income customers for the wastewater district.
- The Company file with Docket Control, by March each year, an annual report detailing the number of participants from the previous calendar year, the discounts given to participants, direct and indirect costs associated with the program, collections made from the high block rate used to fund the program, and provide updated gross annual income guidelines as necessary from federal government.
- Any over- or under- collections will be trued up in the subsequent year's low income program cost.

Q. Why does Staff recommend an annual true-up for over- or under- collections?

A. The Company had over collections of water revenues from the low income program in both Sun City and Mohave Water District. Since the previous Decisions did not order the Company to true up the over- or under- collection, the Company posted those amounts to a

1 regulatory liability account. Staff believes it is more appropriate to true up the over- or
2 under-collection annually.

3
4 **SUN CITY WATER DISTRICT'S GROUND WATER SAVING FEES ("GSF")**
5 **SURCHARGE AND PARADISE VALLEY WATER DISTRICT'S CAP SURCHARGE**

6 *Paradise Valley Water District's Cap Surcharge*

7 **Q. What did the Commission order with regards to Paradise Valley Water District's CAP**
8 **surcharge?**

9 A. Per Decision No. 72208, the Commission ordered Paradise Valley Water District in its next
10 rate application to file "the inclusion in base rates of the CAP capital and delivery charges and
11 the elimination of the CAP surcharge".

12
13 **Q. What did the Company propose?**

14 A. The Company requested to retain the CAP surcharge, but did not specifically comply with the
15 Commission's directive.

16
17 **Q. What does Staff recommend?**

18 A. Staff certainly believes the non-compliance issue needs to be addressed. However, the cost of
19 CAP water charges change every year. Staff believes it is more appropriate to keep the
20 surcharge the way it is, i.e., retaining the CAP surcharge for Paradise Valley Water District.
21

Sun City Water District's GSF Surcharge

Q. What did the Commission order with regards to Sun City Water District's GSF surcharge?

A. Per Decision No. 72046, dated December 10, 2010, the Commission ordered Sun City Water District, in its next application, to file "a description of how to include in base rates the CAP capital and delivery charges along with the offsetting replenishment credits and the elimination of the GSF surcharge".

Q. What did the Company propose?

A. The Company asked to retain the GSF mechanism. However, the Company did not file a description of how to include the CAP expenses in the base rates.

Q. What does Staff recommend?

A. Staff certainly believes the non-compliance issue needs to be addressed. However, Staff recommends retaining the GSF surcharge for Sun City Water District for the same reasons as Paradise Valley Water District's CAP surcharge.

SERVICE CHARGES (ALL FIVE DISTRICTS)

Q. What did the Company propose for service charges?

A. The Company proposed the following:

- a. \$65 Establishment or Re-Establishment of Service After Hours Charge.
- b. \$35 Establishment or Re-Establishment of Service Charge (Regular hours).
- c. \$35 Reconnection of Service Charge (delinquent) regular hours.
- d. \$65 Reconnection of Service Charge (delinquent) After Hours Charge.
- e. \$35 Meter Test (if correct) Charge.
- f. \$25 Meter Re-read (if correct) Charge.

- g. \$25 NSF Charge.
- h. Remove “Including Sewer Service” and “not include Sewer Service” under Establishment or Reestablishment of Service from Mohave Water District’s tariff.

Q. What is Staff's recommendation?

A. Staff recommends the followings:

1. Approval of:
 - a. \$35 Establishment or Re-Establishment of Service Charge.
 - b. \$35 Reconnection of Service Charge (delinquent).
 - c. \$35 Meter Test (if correct) Charge.
 - d. \$25 Meter Re-read (if correct) Charge.
 - e. \$25 NSF Charge.
 - f. Remove “Including Sewer Service” and “not include Sewer Service” under Establishment or Reestablishment of Service from Mohave Water District’s tariff.
2. Eliminate:
 - a. The language “Regular Hours” and “After Hours” under Establishment or Reestablishment of Service.
 - b. The language “Regular Hours” and “After Hours” under Reconnection of Service charge (delinquent).

1 3. Add:

2 a. After Hours Service Charge - \$30 after regular working hours, on Saturdays,
3 Sundays or holidays if at the customer's request or for the customer's
4 convenience.

5
6 **Q. Does this conclude your direct testimony?**

7 **A. Yes, it does.**

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Meter	\$ 11.00	\$ 15.54	\$ 13.00
3/4" Meter	11.00	15.54	19.50
1" Meter	27.50	38.86	32.50
1 1/2" Meter	55.00	77.72	65.00
2" Meter	88.00	124.34	104.00
3" Meter	176.00	248.69	208.00
4" Meter	275.00	388.58	325.00
6" Meter	550.00	777.15	650.00
8" Meter	880.00	1,243.44	1040.00
10" Meter	1,265.00	1,787.45	1495.00
12" Meter	2,365.00	3,341.75	2795.00
BHC Veterans	11.00	15.54	13.00
Fire 2"	\$ 5.00	\$ 6.03	\$ 6.03
Fire 4"	10.00	12.07	12.07
Fire 6"	15.00	18.10	18.10
Fire 8"	20.00	24.13	24.13
Fire 10"	25.00	30.16	30.16
Private Hydrant	12.32	14.86	14.86
Public Hydrant	12.32	14.86	14.83
Public Sprinkler Head	0.73	0.88	0.88

Commodity Rates-Per 1,000 Gallons

5/8 x 3/4" & 3/4" Meter (Residential)			
First 3,000 Gallons	\$0.8800	\$ 1.5500	\$1.1200
From 3,001 to 10,000 Gallons	1.8400	2.5000	2.2000
Over 10,000 Gallons	3.0000	3.2250	3.6894
5/8 x 3/4" & 3/4" Meter (Apartment, Commercial & Industrial)			
First 10,000 Gallons	\$ 1.8400	\$ 2.5000	\$2.2000
Over 10,000 Gallons	3.0000	3.2250	\$3.6894
1" Meter (Res., Apt., Comm., & Ind.)			
First 15,000 Gallons	\$ 1.8400	\$ 2.5000	\$2.2000
Over 15,000 Gallons	3.0000	3.2250	\$3.6894
1 1/2" Meter (Res., Apt., Comm., & Ind.)			
First 30,000 Gallons	\$ 1.8400	\$ 2.5000	\$2.2000
Over 30,000 Gallons	3.0000	3.2250	\$3.6894
2" Meter (Res., Apt., Comm., & Ind.)			
First 50,000 Gallons	\$ 1.8400	\$ 2.5000	\$2.2000
Over 50,000 Gallons	3.0000	3.2250	\$3.6894
3" Meter (Res., Apt., Comm., & Ind.)			
First 100,000 Gallons	\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 100,000 Gallons	3.0000	3.2250	3.6894
4" Meter (Res., Apt., Comm., & Ind.)			
First 150,000 Gallons	\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 150,000 Gallons	3.0000	3.2250	3.6894
6" Meter (Res., Apt., Comm., & Ind.)			
First 300,000 Gallons	\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 300,000 Gallons	3.0000	3.2250	3.6894
8" Meter (Res., Apt., Comm., & Ind.)			
First 500,000 Gallons	\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 500,000 Gallons	3.0000	3.2250	3.6894
10" Meter (Res., Apt., Comm., & Ind.)			
First 750,000 Gallons	\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 750,000 Gallons	3.0000	3.2250	3.6894

12" Meter	(Res., Apt., Comm., & Ind.)			
First 1,400,000 Gallons		\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 1,400,000 Gallons		3.0000	3.2250	3.6894
BHC Veterans Memorial				
First 10,000 Gallons		\$ 1.8400	\$ 2.5000	\$ 2.2000
Over 10,000 Gallons		3.0000	3.2250	3.6894
OPA/Fire	(All Meters)			
All Gallons		\$ 1.8400	\$ 2.5000	\$ 2.2000
Private Fire Hydrant/ Public Fire Hydrant/ Public Sprinkler Head				
All Gallons		\$ 1.8400	\$ 2.5000	\$ 2.2000

Establishment or Reestablishment of Service			\$
Not included with establishment of sewer utility services	\$ 20.00	Remove from Tariff	Remove from Tariff
Included as part of establishment of sewer utility services	25.00	Remove from Tariff	Remove from Tariff
Regular Hours	N/A	35.00	Remove from Tariff
After Hours	N/A	65.00	Remove from Tariff
Reconnection of Service(Deliquent):			35.00
Regular hours	35.00	35.00	Remove from Tariff
After Hours	35.00	65.00	Remove from Tariff
Meter Test (If Correct)	35.00	35.00	35.00
Meter Re-Read (If Correct)	25.00	25.00	25.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
NSF Check	25.00	25.00	25.00
Deferred Payment, Per Month	1.5% per month	1.5% per month	1.5% per month
Late Charge per month	1.5% per month	1.5% per month	1.5% per month
After Hours Service Charge (b)	N/A	N/A	30.00

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

Service and Meter Installation Charges

[illegible]

EPCOR Water Company
Docket No.WS-01303A-14-0010
Test Year Ended June 30, 2014
Mohave Water District

Schedule PNT-2

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,769	\$ 20.57	\$ 29.61	\$ 9.04	43.93%
Median Usage	4,017	\$ 15.51	\$ 22.73	\$ 7.22	46.56%

Staff Recommended

Average Usage	6,769	\$ 20.57	\$ 24.65	\$ 4.08	19.81%
Median Usage	4,017	\$ 15.51	\$ 18.60	\$ 3.09	19.90%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed	Staff Recommended
	Minimum Charge \$ 11.00	Minimum Charge \$ 15.54	Minimum Charge \$ 13.00
	1st Tier Rate 0.8800	1st Tier Rate 1.5500	1st Tier Rate 1.1200
	1st Tier Breakover 3,000	1st Tier Breakover 3,000	1st Tier Breakover 3,000
	2nd Tier Rate 1.8400	2nd Tier Rate 2.5000	2nd Tier Rate 2.2000
	2nd Tier Breakover 10,000	2nd Tier Breakover 10,000	2nd Tier Breakover 10,000
	3rd Tier Rate 3.0000	3rd Tier Rate 3.2250	3rd Tier Rate 3.6894

Consumption	Rates	Rates	Increase	Rates	Increase
-	\$ 11.00	\$ 15.54	41.27%	\$ 13.00	18.18%
1,000	11.88	17.09	43.86%	14.12	18.86%
2,000	12.76	18.64	46.08%	15.24	19.44%
3,000	13.64	20.19	48.02%	16.36	19.94%
4,000	15.48	22.69	46.58%	18.56	19.90%
5,000	17.32	25.19	45.44%	20.76	19.86%
6,000	19.16	27.69	44.52%	22.96	19.83%
7,000	21.00	30.19	43.76%	25.16	19.81%
8,000	22.84	32.69	43.13%	27.36	19.79%
9,000	24.68	35.19	42.59%	29.56	19.77%
10,000	26.52	37.69	42.12%	31.76	19.76%
11,000	29.52	40.92	38.60%	35.45	20.09%
12,000	32.52	44.14	35.73%	39.14	20.35%
13,000	35.52	47.37	33.35%	42.83	20.57%
14,000	38.52	50.59	31.33%	46.52	20.76%
15,000	41.52	53.82	29.61%	50.21	20.92%
16,000	44.52	57.04	28.12%	53.90	21.06%
17,000	47.52	60.27	26.82%	57.59	21.18%
18,000	50.52	63.49	25.67%	61.28	21.29%
19,000	53.52	66.72	24.65%	64.96	21.38%
20,000	56.52	69.94	23.74%	68.65	21.47%
25,000	71.52	86.07	20.34%	87.10	21.79%
30,000	86.52	102.19	18.11%	105.55	21.99%
35,000	101.52	118.32	16.54%	124.00	22.14%
40,000	116.52	134.44	15.38%	142.44	22.25%
45,000	131.52	150.57	14.48%	160.89	22.33%
50,000	146.52	166.69	13.77%	179.34	22.40%
75,000	221.52	247.32	11.64%	271.57	22.59%
100,000	296.52	327.94	10.60%	363.81	22.69%

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Meter	25.15	27.27	25.15
3/4" Meter	26.16	28.36	26.16
1" Meter	50.30	54.54	50.30
1 1/2" Meter	90.54	98.17	90.54
2" Meter	140.84	152.71	140.84
3" Meter	276.65	299.97	276.65
4" Meter	462.76	501.77	462.76
6" Meter	930.00	1,008.40	930.00
8" Meter	2,245.00	2,434.25	2,245.00
10" Meter	3,228.00	3,500.12	3,228.00
12" Meter	6,034.00	6,542.67	6,034.00
<u>Commodity Charge</u>			
<u>2" and smaller Residential</u>			
First 5,000 gallons	\$ 1.0500	\$ 1.1408	\$ 1.0500
From 5,001 to 15,000 gallons	1.2500	1.3581	1.2500
From 15,001 to 40,000 gallons	2.2000	2.3903	2.2000
From 40,001 to 80,000 gallons	2.7500	2.9879	2.7500
Over 80,000 gallons	3.2259	3.5049	3.2259
<u>2" and smaller Commercial</u>			
First 400,000 gallons	1.9500	2.1187	1.9500
Over 400,000 gallons	2.3000	2.4990	2.3000
<u>3" and larger Residential and Commercial</u>			
First 400,000 gallons	1.9500	2.1187	1.9500
Over 400,000 gallons	2.3000	2.4990	2.3000
Turf	All Gallons 1.6800	1.9152	1.6800
Other Public Authority	All Gallons 1.9500	2.1187	1.9500
PV Country Club	All Gallons 1.5600	1.7784	1.5600

Establishment or Reestablishment of Service			\$ 35.00
Regular Hours	\$ 20.00	\$ 35.00	Remove from Tariff
After Hours	\$ 40.00	\$ 65.00	Remove from Tariff
Reconnection of Service (Delinquent)			\$ 35.00
Regular Hours	\$ 30.00	\$ 35.00	Remove from Tariff
After Hours	\$ 60.00	\$ 65.00	Remove from Tariff
Insufficient Funds (NSF) Check Charge	\$ 12.00	\$ 25.00	\$ 25.00
Meter Reread (if Correct)	\$ 10.00	\$ 25.00	\$ 25.00
Meter Test (If Correct)	\$ 15.00	\$ 35.00	\$ 35.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
Deferred Payment, Per Month	N/A	1.5% per month	1.5% per month
Late Charge per month	1.5% per month	1.5% per month	1.5% per month
After Hours Service Charge (b)			\$30

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

Service and Meter Installation Charges

[illegible]

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	16,631	\$ 46.49	\$ 50.45	\$ 3.97	8.53%
Median Usage	9,244	35.70	38.74	\$ 3.03	8.49%
Staff Recommended					
Average Usage	16,631	\$ 46.49	\$ 46.49	-	0.00%
Median Usage	9,244	35.70	35.70	-	0.00%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed	%	Staff Recommended	%
	Minimum Charge \$ 25.15	Minimum Charge \$ 27.27		Minimum Charge \$ 25.15	
	1st Tier Rate \$ 1.0500	1st Tier Rate \$ 1.1408		1st Tier Rate \$ 1.0500	
	1st Tier Breakover 5,000	1st Tier Breakover 5,000		1st Tier Breakover 5,000	
	2nd Tier Rate \$ 1.2500	2nd Tier Rate \$ 1.3581		2nd Tier Rate \$ 1.2500	
	2nd Tier Breakover 15,000	2nd Tier Breakover 15,000		2nd Tier Breakover 15,000	
	3rd Tier Rate \$ 2.2000	3rd Tier Rate \$ 2.3903		3rd Tier Rate \$ 2.2000	
	3rd Tier Breakover 40,000	3rd Tier Breakover 40,000		3rd Tier Breakover 40,000	
	4th Tier Rate \$ 2.7500	4th Tier Rate \$ 2.9879		4th Tier Rate \$ 2.7500	
	4th Tier Breakover 80,000	4th Tier Breakover 80,000		4th Tier Breakover 80,000	
	5th Tier Rate \$ 3.2300	5th Tier Rate \$ 3.5049		5th Tier Rate \$ 3.2300	
Consumption	Rates	Rates	Increase	Rates	Increase
-	\$ 25.15	\$ 27.27	8.43%	\$ 25.15	0.00%
1,000	26.20	28.41	8.44%	26.20	0.00%
2,000	27.25	29.55	8.45%	27.25	0.00%
3,000	28.30	30.69	8.45%	28.30	0.00%
4,000	29.35	31.83	8.46%	29.35	0.00%
5,000	30.40	32.97	8.47%	30.40	0.00%
6,000	31.65	34.33	8.47%	31.65	0.00%
7,000	32.90	35.69	8.48%	32.90	0.00%
8,000	34.15	37.05	8.49%	34.15	0.00%
9,000	35.40	38.41	8.49%	35.40	0.00%
10,000	36.65	39.76	8.50%	36.65	0.00%
11,000	37.90	41.12	8.50%	37.90	0.00%
12,000	39.15	42.48	8.51%	39.15	0.00%
13,000	40.40	43.84	8.51%	40.40	0.00%
14,000	41.65	45.20	8.52%	41.65	0.00%
15,000	42.90	46.56	8.52%	42.90	0.00%
16,000	45.10	48.95	8.53%	45.10	0.00%
17,000	47.30	51.34	8.53%	47.30	0.00%
18,000	49.50	53.73	8.54%	49.50	0.00%
19,000	51.70	56.12	8.54%	51.70	0.00%
20,000	53.90	58.51	8.55%	53.90	0.00%
25,000	64.90	70.46	8.56%	64.90	0.00%
30,000	75.90	82.41	8.58%	75.90	0.00%
35,000	86.90	94.36	8.59%	86.90	0.00%
40,000	97.90	106.31	8.59%	97.90	0.00%
45,000	108.90	118.26	8.60%	108.90	0.00%
50,000	119.90	130.22	8.60%	119.90	0.00%
75,000	174.90	189.97	8.62%	174.90	0.00%
100,000	229.90	249.73	8.63%	229.90	0.00%

RATE DESIGN			
Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Meter	8.76	10.70	9.50
3/4" Meter	8.76	10.70	14.25
1" Meter	21.89	26.76	23.75
1 1/2" Meter	43.78	53.52	47.50
2" Meter	70.05	85.64	76.00
3" Meter	140.10	171.28	152.00
4" Meter	218.90	267.62	237.50
6" Meter	437.81	535.24	475.00
8" Meter	700.50	856.38	760.00
Public Interruptible - Peoria	8.16	9.97	10.00
Irrigation - 2"	77.59	94.81	85.00
Irrigation - Raw	-	-	-
Private Fire 3"	9.73	10.81	10.81
Private Fire 4"	9.73	10.81	10.81
Private Fire 6"	9.73	10.81	10.81
Private Fire 8"	14.01	15.57	15.57
Private Fire 10"	20.14	22.38	22.38
Private Hydrant - Peoria	8.22	9.13	9.13
<u>Commodity Charge-Per 1,000 gallons</u>			
<u>All Meter Size (residential)</u>			
First 1,000 gallons	\$ 0.7297	N/A	N/A
From 1,001 to 3,000 gallons	1.0702	N/A	N/A
From 3,001 to 9,000 gallons	1.3621	N/A	N/A
From 9,001 to 12,000 gallons	1.6539	N/A	N/A
Over 12,000 gallons	1.9896	N/A	N/A
<u>5/8 x 3/4" , 3/4" & 1" Meter (Residential)</u>			
First 1,000 gallons	\$ 0.7297	\$ 0.7500	\$ 0.7500
From 1,001 to 3,000 gallons	1.0702	1.3702	1.1700
From 3,001 to 9,000 gallons	1.3621	1.6602	1.4390
From 9,001 to 12,000 gallons	1.6539	1.9002	1.8400
Over 12,000 gallons	1.9896	2.1202	2.1680
<u>5/8 x 3/4" & 3/4" (Commercial)</u>			
First 9,000 gallons	1.3621	1.8302	1.4390
Over 9,000 gallons	1.9896	2.1202	2.1680
<u>1" Meter (Commercial)</u>			
First 20,000 gallons	1.3621	1.8302	1.4390
Over 20,000 gallons	1.9896	2.1202	2.1680
<u>1 1/2" Meter (Commercial)</u>			
First 40,000 gallons	1.3621	1.8302	1.4390
Over 40,000 gallons	1.9896	2.1202	2.1680
<u>2" Meter (Commercial)</u>			
First 64,000 gallons	1.3621	1.8302	1.4390
Over 64,000 gallons	1.9896	2.1202	2.1680
<u>3" Meter (Commercial)</u>			
First 131,000 gallons	1.3621	1.8302	1.4390
Over 131,000 gallons	1.9896	2.1202	2.1680

<u>4" Meter</u>		(Commercial)		(Res. & Comm.)		(Res. & Comm.)
First 205,000 gallons		\$	1.3621	\$	1.8302	\$ 1.4390
Over 205,000 gallons			1.9896		2.1202	2.1680
<u>6" Meter</u>		(Commercial)		(Res. & Comm.)		(Res. & Comm.)
First 415,000 gallons			1.3621		1.8302	1.4390
Over 415,000 gallons			1.9896		2.1202	2.1680
<u>8" Meter</u>		(Commercial)		(Res. & Comm.)		(Res. & Comm.)
First 670,000 gallons			1.3621		1.8302	1.4390
Over 670,000 gallons			1.9896		2.1202	2.1680
Public Interruptible	All Usage		1.1632		1.3958	1.4390
2" Irrigation	All Usage		1.2551		1.5061	1.4500
Irrigation - Raw	All Usage		1.0037		1.2044	1.2000
Private Hydrant - Peoria	All Usage		1.1400		1.3680	1.3000
Central AZ Project - Raw	All Usage		0.8480		1.0176	1.0176

Service Establishment, Reestablishment and/or Reconnection Charge			\$	35.00
Regular Hours	\$	30.00	\$	35.00
After Hours	\$	40.00	\$	65.00
Insufficient Funds (NSF) Check Charge	\$	25.00	\$	25.00
Meter Reread (if Correct)	\$	5.00	\$	25.00
Meter Test (If Correct)	\$	10.00	\$	35.00
Deposit Requirement (Residential)	(a)		(a)	(a)
Deposit Requirement (None Residential Meter)	(a)		(a)	(a)
Deposit Interest	(a)		(a)	(a)
Deferred Payment, Per Month	N/A		1.5% per month	1.5% per month
Late Charge per month	N/A		1.5% per month	1.5% per month
After Hours Service Charge (b)	N/A		N/A	\$ 30.00

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

Service and Meter Installation Charges

[illegible]

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Propose	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,190	\$ 17.34	\$ 21.15	\$ 3.81	21.97%
Median Usage	5,423	\$ 14.93	\$ 18.21	\$ 3.28	21.99%
Staff Recommended					
Average Usage	7,190	\$ 17.34	\$ 18.62	\$ 1.28	7.40%
Median Usage	5,423	\$ 14.93	\$ 16.08	\$ 1.15	7.68%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed
	Minimum Charge \$ 8.76	Minimum Charge \$ 10.70
	1st Tier Rate \$ 0.7297	1st Tier Rate \$ 0.7500
	1st Tier Breakover 1,000	1st Tier Breakover 1,000
	2nd Tier Rate \$ 1.0702	2nd Tier Rate \$ 1.3702
	2nd Tier Breakover 3,000	2nd Tier Breakover 3,000
	3rd Tier Rate \$ 1.3621	3rd Tier Rate \$ 1.6602
	3rd Tier Breakover 9,000	3rd Tier Breakover 9,000
	4th Tier Rate \$ 1.6239	4th Tier Rate \$ 1.9002
	4th Tier Breakover 12,000	4th Tier Breakover 12,000
	5th Tier Rate \$ 1.9896	5th Tier Rate \$ 2.1202

Consumption	Rates	Rates	Increase	Rates	Increase
-	8.76	10.70	22.15%	9.50	8.45%
1,000	9.49	11.45	20.66%	10.25	8.01%
2,000	10.56	12.82	21.40%	11.42	8.14%
3,000	11.63	14.19	22.01%	12.59	8.25%
4,000	12.99	15.85	22.00%	14.03	7.98%
5,000	14.35	17.51	21.99%	15.47	7.76%
6,000	15.72	19.17	21.98%	16.91	7.58%
7,000	17.08	20.83	21.97%	18.35	7.42%
8,000	18.44	22.49	21.97%	19.79	7.29%
9,000	19.80	24.15	21.96%	21.22	7.18%
10,000	22.50	27.42	21.89%	24.23	7.72%
11,000	25.19	30.69	21.84%	27.24	8.15%
12,000	27.89	33.96	21.80%	30.25	8.50%
13,000	30.94	37.45	21.03%	33.59	8.55%
14,000	34.00	40.94	20.41%	36.93	8.60%
15,000	37.06	44.43	19.88%	40.27	8.64%
16,000	40.12	47.92	19.44%	43.61	8.68%
17,000	43.18	51.41	19.06%	46.94	8.71%
18,000	46.24	54.91	18.73%	50.28	8.73%
19,000	49.30	58.40	18.44%	53.62	8.75%
20,000	52.36	61.89	18.19%	56.96	8.77%
25,000	67.66	79.34	17.26%	73.65	8.85%
30,000	82.96	96.79	16.67%	90.34	8.89%
35,000	98.26	114.24	16.26%	107.03	8.92%
40,000	113.56	131.69	15.97%	123.72	8.95%
45,000	128.86	149.15	15.74%	140.41	8.96%
50,000	144.16	166.60	15.57%	157.10	8.98%
75,000	220.65	253.86	15.05%	240.55	9.02%
100,000	297.15	341.12	14.80%	324.00	9.04%

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4" Meter	\$ 24.70	\$ 48.24	\$ 30.00
3/4" Meter	24.70	48.24	45.00
1" Meter	74.10	120.60	75.00
1 1/2" Meter	144.38	241.20	150.00
2" Meter	230.53	385.91	240.00
3" Meter	461.00	771.83	480.00
4" Meter	722.00	1,205.98	750.00
6" Meter	1,440.00	2,411.96	1,500.00
8" Meter	2,305.00	3,859.13	2,400.00
10" Meter	3,320.00	5,547.50	3,450.00
12" Meter	6,208.00	10,371.41	6,450.00

Commodity Rates-Per 1,000 Gallons

5/8 x 3/4" & 3/4" Meter (Residential)			
First 3,000 Gallons	\$ 1.9000	\$ 5.3300	\$ 3.2500
From 3,001 to 10,000 Gallons	3.0000	6.8300	4.9700
From 10,001 to 20,000 Gallons	4.0000	8.1800	7.0300
Over 20,000 Gallons	6.0000	9.3800	9.5290
5/8 x 3/4" & 3/4" Meter (Commercial)			
First 20,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 20,000 Gallons	6.0000	9.3800	9.5290
1" Meter (Res. & Comm.)			
First 35,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 35,000 Gallons	6.0000	9.3800	9.5290
1 1/2" Meter (Res. & Comm.)			
First 85,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 85,000 Gallons	6.0000	9.3800	9.5290
2" Meter (Res. & Comm.)			
First 150,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 150,000 Gallons	6.0000	9.3800	9.5290
3" Meter (Res. & Comm.)			
First 175,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 175,000 Gallons	6.0000	9.3800	9.5290
4" Meter (Res. & Comm.)			
First 250,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 250,000 Gallons	6.0000	9.3800	9.5290
6" Meter (Res. & Comm.)			
First 350,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 350,000 Gallons	6.0000	9.3800	9.5290
8" Meter (Res. & Comm.)			
First 900,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 900,000 Gallons	6.0000	9.3800	9.5290
10" Meter (Res. & Comm.)			
First 1,500,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 1,500,000 Gallons	6.0000	9.3800	9.5290
12" Meter (Res. & Comm.)			
First 2,250,000 Gallons	\$ 4.0000	\$ 7.6800	\$ 7.0300
Over 2,250,000 Gallons	6.0000	9.3800	9.5290

Service Charges

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

Service and Meter Installation Charges

[illegible]

Schedule PNT-2

Gallons	Present		Company Proposed		Staff Recommended	
	Minimum Charge	\$ 24.70	Minimum Charge	\$ 48.24	Minimum Charge	\$ 30.00
	1st Tier Rate	\$ 1.9000	1st Tier Rate	\$ 5.3300	1st Tier Rate	\$ 3.2500
	1st Tier Breakover	3,000	1st Tier Breakover	3,000	1st Tier Breakover	3,000
	2nd Tier Rate	\$ 3.0000	2nd Tier Rate	\$ 6.8300	2nd Tier Rate	\$ 4.9700
	2nd Tier Breakover	10,000	2nd Tier Breakover	10,000	2nd Tier Breakover	10,000
	3rd Tier Rate	\$ 4.0000	3rd Tier Rate	\$ 8.1800	3rd Tier Rate	\$ 7.0300
	3rd Tier Breakover	20,000	3rd Tier Breakover	20,000	3rd Tier Breakover	20,000
	4th Tier Rate	\$ 6.0000	4th Tier Rate	\$ 9.3800	4th Tier Rate	\$ 9.5290
Consumption	Rates		Rates	Increase	Rates	Increase
-	24.70		48.24	95.30%	30.00	21.46%
1,000	26.60		53.57	101.39%	33.25	25.00%
2,000	28.50		58.90	106.67%	36.50	28.07%
3,000	30.40		64.23	111.28%	39.75	30.76%
4,000	33.40		71.06	112.75%	44.72	33.89%
5,000	36.40		77.89	113.98%	49.69	36.51%
6,000	39.40		84.72	115.03%	54.66	38.73%
7,000	42.40		91.55	115.92%	59.63	40.64%
8,000	45.40		98.38	116.70%	64.60	42.29%
9,000	48.40		105.21	117.38%	69.57	43.74%
10,000	51.40		112.04	117.98%	74.54	45.02%
11,000	55.40		120.22	117.00%	81.57	47.24%
12,000	59.40		128.40	116.16%	88.60	49.16%
13,000	63.40		136.58	115.43%	95.63	50.84%
14,000	67.40		144.76	114.78%	102.66	52.31%
15,000	71.40		152.94	114.20%	109.69	53.63%
16,000	75.40		161.12	113.69%	116.72	54.80%
17,000	79.40		169.30	113.22%	123.75	55.86%
18,000	83.40		177.48	112.81%	130.78	56.81%
19,000	87.40		185.66	112.43%	137.81	57.68%
20,000	91.40		193.84	112.08%	144.84	58.47%
25,000	121.40		240.74	98.30%	192.49	58.55%
30,000	151.40		287.64	89.99%	240.13	58.61%
35,000	181.40		334.54	84.42%	287.78	58.64%
40,000	211.40		381.44	80.44%	335.42	58.67%
45,000	241.40		428.34	77.44%	383.07	58.68%
50,000	271.40		475.24	75.11%	430.71	58.70%
75,000	421.40		709.74	68.42%	668.94	58.74%
100,000	571.40		944.24	65.25%	907.16	58.76%

RATE DESIGN

Monthly Service Charge	Present	Company Proposed Rates	Staff Recommended Rates
Residential (per ERU)	\$ 56.55	\$ 82.00	\$ 73.30
Commercial (per ERU)	56.55	82.00	73.30
OPA (per ERU)	56.55	82.00	73.30
Large Commercial	72.89	105.69	92.00

Commodity Charge - Per 1,000 Gallons			
Residential (per ERU)	-	-	-
Commercial (per ERU)	-	-	-
OPA (per ERU)	-	-	-
Large Commercial	\$ 2.2800	\$ 3.3100	\$ 2.9880

Effluent (Per Acre Foot)			
0 to 24	\$ 227.79	\$ 227.79	\$ 227.79
25 to 99	227.79	227.79	227.79
200 to 199	227.79	227.79	227.79
200 & Above	227.79	227.79	227.79

Other Service Charges

Establishment or Reestablishment of Service			\$ 35.00
Regular Hours	\$ 20.00	\$ 35.00	Remove from Tariff
After Hours	\$ 30.00	\$ 65.00	Remove from Tariff
Reconnection of Service (Delinquent)	\$ 30.00		\$ 35.00
Regular Hours	N/A	\$ 35.00	Remove from Tariff
After Hours	N/A	\$ 65.00	Remove from Tariff
Deposit	(a)	(a)	(a)
Deposit Interest	(a)	(a)	(a)
NSF Check	\$ 25.00	\$ 25.00	\$ 25.00
Deferred Payment (per month)	N/A	1.5% per month	1.5% per month
Late Payment Fee (per month)	1.5% per month	1.5% per month	1.5% per month
After hour service charge (b)	N/A	N/A	\$ 30.00

(a) Per Commission Rules (R14-2-603.B)

(b) After Hours Service : After regular working hours, on Saturdays, Sundays or holidays if at the customer's request or for the customer's convenience.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-609D(5).

Service Line Connection Charges

	Current Charges	Proposed Charges	Staff Recommended Charges
Residential	Actual Cost	Actual Cost	Actual Cost
Commercial	Actual Cost	Actual Cost	Actual Cost
School	Actual Cost	Actual Cost	Actual Cost
Multiple Dwelling	Actual Cost	Actual Cost	Actual Cost
Mobile Home park	Actual Cost	Actual Cost	Actual Cost
Effluent	Actual Cost	Actual Cost	Actual Cost

Treatment Plant Hook-Up Fee

	Current Charges	Proposed Charges	Staff Recommended Charges
4 Inch Connection	\$ 785.00	\$ 785.00	\$ 785.00
6 Inch Connection	1,570.00	1,570.00	1,570.00
8 Inch Connection	2,748.00	2,748.00	2,748.00

EPCOR Water Arizona, Inc.
Docket No. WS-01303A-14-0010
Test Year Ended June 30, 2013.
Mohave Wastewater District

Schedule PNT-2

Typical Bill Analysis
Residential

Company Proposed	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
	\$ 56.55	\$ 82.00	\$ 25.45	45.00%
Staff Recommended	\$ 56.55	\$ 73.30	\$ 16.75	29.62%